

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6907**

**BILL NUMBER:** SB 312

**NOTE PREPARED:** Feb 27, 2014

**BILL AMENDED:** Feb 27, 2014

**SUBJECT:** Assignment of Lottery Prizes.

**FIRST AUTHOR:** Sen. Head

**FIRST SPONSOR:** Rep. McMillin

**BILL STATUS:** 2<sup>nd</sup> Reading - 2<sup>nd</sup> House

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
☐ **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) The bill provides that a person who wins a prize payable in installments from the Lottery Commission may assign the future prize payments under certain circumstances upon court approval.

The bill sets forth requirements for a court order approving a prize payment assignment. It requires that a petition to assign a prize payment must be served upon the Lottery Commission's director and the Child Support Bureau. It requires the assignee to provide certain information. It requires the director of the Lottery Commission to investigate and certify whether a person who petitions for a lottery prize payment assignment has or has not satisfied debts to state agencies.

The bill provides that if the Internal Revenue Service, the Department of State Revenue, or a court issues a determination or ruling that the voluntary assignment of a prize payment will affect federal income tax treatment, the Commission shall file the determination or ruling with the Attorney General's office and the Indiana Judicial Center, and a court may not issue a voluntary assignment of a prize payment after the date of the determination or ruling.

The bill adds the Department of Child Services to the list of agencies that must identify to the Lottery Commission individuals who owe past due child support.

**Effective Date:** July 1, 2014.

**Explanation of State Expenditures:** (Revised) *State Lottery Commission:* The Lottery Commission could potentially incur additional administrative expenses associated with assignments approved by a court order. The bill allows the Commission to charge a reasonable fee from the assigned prize payments to defray the

cost incurred from the additional administrative expenses associated with that prize's assignment. Any other increase in administrative cost that is not offset by the fee would reduce the Hoosier Lottery's annual profits transferred to the state.

*Department of Child Services (DCS):* The provisions in the bill requiring Department of Child Services to send the list of individuals who owe past due child support to the Lottery Commission will not have a fiscal impact on the DCS.

*Department of State Revenues (DOR):* The bill requires the DOR to determine the tax impact of each assignability, and if the assignment of a prize will result in a reduction of state income tax, the DOR is required to report it to the Lottery Commission, Attorney General, and the Indiana Judicial Center. The DOR's current level of resources should be sufficient to implement these changes.

**Explanation of State Revenues:** *Assignability Impact on Prizes:* The bill would not impact the amount of prize distributed by the Hoosier Lottery. The assignability could lead to changes in recipients of some prizes paid in installments. The new assignee(s) would receive the same installment payments as the original winner of the prize would have received if the prize was not assigned. The assignability will not impact the Hoosier Lottery's annual income.

The bill prohibits the court from authorizing voluntary assignment of a lottery prize if the DOR determines that the assignability will reduce the state income tax due on the prize. The income tax impact of assignability depends on various factors, including the assignor's and the assignee's tax filing status and financial condition.

*Court Fee Revenue:* The bill allows a winner of a lottery prize payable in installments to file a petition with the Marion circuit court for approval of the assignability of the prize. If petitions for assignability are filed and court fees are collected, revenue to the state General Fund may increase.

**Additional Background:** Current law does not allow assignability of lottery prizes. It allows a prize to be paid to the (1) winner; or (2) a estate of a deceased prize winner; or (3) to a person designated under an appropriate judicial order.

This bill allows assignability of those prizes that are paid by the Commission in installments over time. It provides guidelines to a person to file a petition to a circuit or superior court. It sets up requirements for the court for hearing of the petition. It specifies certain conditions when the court may not authorize a voluntary assignment of a prize.

**Explanation of Local Expenditures:** *Petition to Marion Circuit Court:* If additional civil actions occur, the Marion County circuit court would experience increased caseload and administrative responsibilities.

**Explanation of Local Revenues:** *Court Fee Revenue:* If additional civil actions occur, local governments in Marion County would receive revenue from the court fees.

**State Agencies Affected:** State Lottery Commission; Department of Child Services, FSSA; Attorney General; Department of State Revenues.

**Local Agencies Affected:** Marion County Circuit Court.

**Information Sources:**

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